

1. Fill in the blank: Creating a \_\_\_\_\_ establishes a cost estimate for your project budget and ensures that you calculate the correct expenses for a set period of time. 1 / 1 point

- ☒ forecast
- ☐ cost of quality
- ☐ contingency budget
- ☐ reserve analysis

✓ Correct  
A forecast is a cost estimate or prediction that helps you calculate the correct expenses for a particular time period. You will frequently review your project budget, and it will evolve throughout the project life cycle.

2. As a project manager, you determine the cost for items such as software, tools, labor, and equipment. What budgeting term refers to these types of costs? 1 / 1 point

- ☐ Contingency budget
- ☐ Reserve analysis
- ☐ Cost of quality
- ☒ Resource cost rates

✓ Correct  
Resource cost rates refer to the cost of resources like labor, tools, equipment, materials, and software. You will need to determine how much each of these resources will cost the company.

3. Which of the following strategies should you consider when creating your budget? Select all that apply. 0.75 / 1 point

☒ Baseline your budget

✓ Correct  
A baseline budget is the estimate of costs you start with at the beginning of a project. When your project accrues actual costs, you use the baseline budget to determine if the project is under or over budget. It is also a good idea to document all costs and time-phase your budget.

☒ Document all costs

✓ Correct  
You should document all types of costs—both internal and external. Some additional strategies to implement include time-phased budgeting and setting a baseline budget.

☒ Disregard historical data

- ☐ This should not be selected  
You should use historical data from a similar project to guide your budgeting. It's important to review how that project's budget was handled, find out what went well, and learn from any previous mistakes. Some additional strategies to implement include documenting all costs, time-phasing your budget, and baselining your budget.

☒ Time-phase your budget

- ☒ Correct  
Time-phased budgeting allows you to allocate costs for project tasks over the projected timeline in which those expenses are planned to take place. By looking at your tasks against a timeline, you can track and compare planned versus actual costs over time. Also, make sure you baseline your budget and document all types of costs.

4. Which three of the following items are examples of direct costs for your project?

0.6 / 1 point

☒ Wages and salaries of employees and contractors

- ☒ Correct  
Employees and contractors are the people who do the work necessary to complete the project. Therefore, their wages and salaries are considered direct costs.

☒ Materials costs

- ☒ Correct  
Since materials are necessary to complete your project, they are considered a direct cost.

☒ General office equipment

- ☐ This should not be selected  
General office equipment is an indirect cost because it does not directly lead to the completion of your project but is still necessary for the project team to do their work. Wages and salaries, materials costs, equipment rental costs, software licenses, project-related travel, and staff training are examples of direct costs for items that are necessary to complete your project.

☒ Staff training

- ☒ Correct  
Staff training is a direct cost because it is necessary in order to complete your project.

☒ Utilities

⊗ This should not be selected

Utilities do not directly lead to the completion of your project but are still essential for the project team to do their work. The associated cost is referred to as an indirect cost or overhead cost. Examples of direct costs include wages and salaries, materials costs, equipment rental costs, software licenses, project-related travel, and staff training.